

## Message Text

LIMITED OFFICIAL USE

PAGE 01 OECD P 26165 01 OF 03 082142Z

66

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 ERDA-05

DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04 USIA-06

SAM-01 OES-03 SS-15 STR-04 FEA-01 /130 W

----- 038588

R 082132Z OCT 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 8734

LIMITED OFFICIAL USE SECTION 01 OF 03 OECD PARIS 26165

PASS TREASURY FOR PARSKY, WIDMAN AND WITHERELL;

EB/IFD/OMA FOR RYAN

E.O.11652: N/A

TAGS: EFIN, ENRG, EINV

SUBJECT: REPORT ON MEETING OF FII, OCTOBER 2, 1975

REFS: (A) OECD PARIS 25688

(B) OECD PARIS 25870

1. FOLLOWING IS TEXT OF REPORT BY THE CHAIRMAN OF THE  
AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES (FII)  
TO THE CHAIRMAN OF THE GOVERNING BOARD, DATED OCTOBER 6,  
1975, DOCUMENT NO. IEA/GB/FIN(75)8.

BEGIN TEXT

1. THE PURPOSE OF THIS REPORT IS TO INDICATE TO THE  
GOVERNING BOARD THE ORGANISATION AND PROGRESS OF WORK ON  
FINANCIAL AND INVESTMENT ISSUES CONCERNING ENERGY AND  
RELATED MATTERS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 26165 01 OF 03 082142Z

2. THE AD HOC GROUP RE-AFFIRMED ITS INTENTION TO AVOID DUPLICATION OF WORK BEING CARRIED OUT IN OTHER FORA. IT RECEIVED A REPORT FROM THE CHAIRMAN OF THE TEMPORARY WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE ON THE PROGRESS OF WORK BEING CARRIED OUT THERE ON THE FOLLOWING ITEMS:

- (1) THE IMPACT OF HIGHER OIL PRICES ON OECD ECONOMIES;
- (2) THE INVESTMENT OF SURPLUSES BY OIL PRODUCERS;
- (3) INDEXATION OF OIL PRICES;
- (4) EXTERNAL FINANCING PROBLEMS OF THE SMALLER OECD COUNTRIES.

3. ON THE FIRST ITEM A PRELIMINARY OVERVIEW WAS PRESENTED AND A DRAFT PAPER WILL BE PREPARED BY THE SECRETARIAT FOR THE NEXT MEETING OF THE TEMPORARY WORKING PARTY ON 13TH AND 14TH NOVEMBER. ON ITEMS (2) AND (3), DRAFT REPORTS BY THE TEMPORARY WORKING PARTY (DOCUMENTS CPE/TWP(75)10 AND 12) BASED ON DISCUSSIONS THEREIN AND PRESENTED TO THE AD HOC GROUP AT ITS MEETING ON 2ND OCTOBER, ARE ATTACHED AS ANNEX A TO THIS REPORT. THESE PAPERS ARE CONSIDERED PROVISIONAL, AND WILL BE SUBJECT TO FURTHER REVISION UP TO THE TIME OF THE DIALOGUE. THE PAPER ON INDEXATION OF OIL PRICES (CPE/TWP(75)12), EMANATED FROM A DRAFT PREPARED BY THE UNITED STATES DELEGATION AND REVISED AT THE 4TH MEETING OF THE AD HOC GROUP ON 4TH SEPTEMBER, BEFORE BEING FORWARDED TO THE TEMPORARY WORKING PARTY.

4. ALSO ATTACHED AS ANNEX B TO THIS REPORT IS A SHORT ACCOUNT OF THE VIEWS EXPRESSED BY THE OECD COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES CONCERNING ATTITUDES OF MEMBER GOVERNMENTS TOWARDS INVESTMENT FROM OPEC COUNTRIES.

5. THE AD HOC GROUP HELD A BRIEF DISCUSSION ON THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 26165 01 OF 03 082142Z

STRUCTURE AND COVERAGE OF THE DOCUMENT IEA/GS(75)65. IT EXPRESSED THE VIEW THAT THIS DOCUMENT, AS FAR AS FINANCIAL AND INVESTMENT TOPICS ARE CONCERNED, SHOULD SERVE AS A FRAMEWORK TO IDENTIFY ISSUES. IT SHOULD NOT AT THIS TIME SET FORTH SUBSTANTIVE POSITIONS ON THESE ISSUES, PRIOR TO THEIR BEING FURTHER DEVELOPED IN THE APPROPRIATE FORA. THE GROUP CONSIDERED THAT IT WOULD, NEVERTHELESS, BE NECESSARY TO PREPARE SUBSTANTIVE POSI-

TIONS ON THESE TOPICS WELL BEFORE THE MINISTERIAL CONFERENCE IN DECEMBER 1975 OR AT SUCH TIME THAT THESE ISSUES WOULD BE ADDRESSED.

6. IT WAS FURTHER NOTED THAT ADDITIONAL ATTENTION SHOULD BE GIVEN TO 3 AREAS IDENTIFIED IN IEA/GB(75)65, BUT ON WHICH FURTHER WORK WOULD BE NECESSARY, NAMELY:

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 26165 02 OF 03 082146Z

66

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 ERDA-05

DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04 USIA-06

SAM-01 OES-03 SS-15 STR-04 FEA-01 /130 W

----- 038629

R 082132Z OCT 75

FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 8735

LIMITED OFFICIAL USE SECTION 02 OF 03 OECD PARIS 26165

- (1) THE ABSORPTIVE CAPACITY OF PRODUCING COUNTRIES AND DEVELOPMENT OF THEIR ECONOMIES;
- (2) THE TERMS OF TRADE BETWEEN OECD AND OPEC COUNTRIES;
- (3) TECHNOLOGICAL AND FINANCIAL ASSISTANCE TO THE NON-OIL PRODUCING DEVELOPING COUNTRIES.

IT WAS NOTED THAT THE TEMPORARY WORKING PARTY HAD TOUCHED ON AND INTENDED TO PURSUE FURTHER WORK ON THE FIRST TWO ITEMS, AND THAT THE THIRD ITEM FELL FOR THE MOMENT WITHIN THE COMPETENCE OF THE OECD AD HOC HIGH LEVEL GROUP ON ECONOMIC RELATIONS BETWEEN MEMBER COUNTRIES AND DEVELOPING COUNTRIES UNTIL AND UNLESS THE OPINION OF A GROUP OF FINANCIAL EXPERTS BECOMES NECESSARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 26165 02 OF 03 082146Z

7. IN ADDITION, THE QUESTION OF THE "EQUILIBRIUM" PRICE OF OIL WAS CONSIDERED OF CENTRAL IMPORTANCE TO MANY OF THE ECONOMIC AND FINANCIAL ISSUES TO BE TREATED BY THE AD HOC GROUP. THE GROUP FELT THAT THIS SHOULD BE ADDRESSED AS A MATTER OF URGENCY AND SUGGESTED THAT THE GOVERNING BOARD DETERMINE THE APPROPRIATE FORUM IN WHICH IT MIGHT BE CONSIDERED.

8. CONCERNING THE FUTURE FUNCTIONS OF THE AD HOC GROUP, IT WILL CONTINUE TO SERVE AS A CHANNEL TO THE GOVERNING BOARD ON ALL FINANCIAL AND INVESTMENT ISSUES RELATING TO ENERGY, PROVIDING A SCREENING AND CO-ORDINATING MECHANISM, AND IF THE NEED SHOULD ARISE ANALYSING IN SUBSTANCE THESE ENERGY-RELATED ISSUES.

9. THE AD HOC GROUP BRIEFLY CONSIDERED THE NECESSARY MEANS OF CO-ORDINATION OF FINANCIAL ISSUES RELEVANT TO THE COMMISSION FOR FINANCIAL MATTERS WHICH MAY BE CREATED IN THE DIALOGUE. IT RECOMMENDS TO THE GOVERNING BOARD TO CONSIDER, TOGETHER WITH THE APPROPRIATE OECD BODIES, HOW THE APPROACH OF THE INDUSTRIALISED COUNTRIES IN THE COMMISSION FOR FINANCIAL MATTERS CAN BEST BE CO-ORDINATED.

#### ANNEX A

THE FOLLOWING TWO DOCUMENTS OF THE TEMPORARY WORKING PARTY OF THE OECD ECONOMIC POLICY COMMITTEE (CPE/TWP(75)10 AND CPE/TWP(75)12) WERE SUBMITTED TO THE AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES AT ITS MEETING ON 2ND OCTOBER, AND ARE TRANSMITTED TO THE GOVERNING BOARD AS AN ANNEX TO THE REPORT BY THE CHAIRMAN OF THE AD HOC GROUP.

THEY WILL BE DISCUSSED FURTHER BY THE TEMPORARY WORKING PARTY AT ITS MEETING ON 13TH AND 14TH NOVEMBER, BUT WILL REMAIN PROVISIONAL AND SUBJECT TO FURTHER REVISION UP TO THE TIME OF THE DIALOGUE.

END TEXT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 26165 02 OF 03 082146Z

2. THE TWO DOCUMENTS MENTIONED IN ANNEX A WERE HAND-CARRIED TO INTERESTED PARTIES OCTOBER 3, 1975 (SEE REFTEL A).

3. BEGIN TEXT

ANNEX B

ATTITUDES OF GOVERNMENTS OF OECD MEMBER COUNTRIES TOWARDS INVESTMENT FROM OPEC COUNTRIES

THE OECD COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES DISCUSSED THIS TOPIC AT ITS SECOND MEETING ON 28TH-29TH APRIL, 1975. THE MAIN FACTS EMERGING FROM THE DISCUSSION WERE THE FOLLOWING:

-- IT WAS STILL TOO SOON TO DETERMINE THE SECTORS OR ACTIVITIES WHICH MIGHT MORE SPECIALLY ATTRACT OPEC INVESTORS IN MEMBER COUNTRIES; NO INVESTMENT POLICY PATTERN HAD EMERGED SO FAR;

-- MEMBER COUNTRIES WERE NOT, AS A RULE, CON-

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 26165 03 OF 03 082146Z

66

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 ERDA-05

DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04 USIA-06

SAM-01 OES-03 SS-15 STR-04 FEA-01 /130 W

----- 038657

R 082132Z OCT 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 8736

LIMITED OFFICIAL USE SECTION 03 OF 03 OECD PARIS 26165

SIDERING TAKING ANY PARTICULAR DEFENSIVE MEASURES NOR DISCRIMINATING IN ANY WAY AGAINST INVESTORS FROM OPEC COUNTRIES. PRIOR CONSULTATION AND INFORMATION PROCEDURES, MOSTLY INFORMAL, HAD BEEN SET UP OR WERE THOUGHT OF IN SOME COUNTRIES, WHICH INVOLVED THE CO-OPERATION OF BANKS, FINANCIAL INTER-MEDIARIES, THE ENTERPRISES THEMSELVES AS WELL AS THE INVESTOR COUNTRIES CONCERNED;

-- THE IDENTIFICATION OF THE ORIGINAL INVESTOR OFTEN GAVE RISE TO DIFFICULTIES; SOME EXPERTS FELT THAT CO-OPERATION BETWEEN THE AUTHORITIES OF MEMBER COUNTRIES MIGHT BE USEFUL IN THIS RESPECT;

-- TAXATION PROBLEMS MIGHT ARISE IN SOME CASES WHERE GOVERNMENTS NOT ONLY WERE EXEMPT FROM WITHHOLDING TAX ON THE INCOME FROM THEIR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 26165 03 OF 03 082146Z

SECURITIES BUT WISHED ALSO TO BE EXEMPT FROM COMPANY TAXES WHEN TAKING A PARTICIPATION IN A LOCAL ENTERPRISE. IT WAS INTENDED THAT THE FISCAL COMMITTEE WOULD GO INTO THESE MATTERS.

WITH REGARD TO POSSIBLE EXPROPRIATION AND TRANSFER GUARANTEES, WHICH MIGHT BE GRANTED TO THE GOVERNMENTS OF OPEC COUNTRIES, THE COMMITTEE NOTED THAT MEMBER COUNTRIES DID NOT IN GENERAL ENVISAGE TO EXTEND SUCH GUARANTEES WHICH IN MOST CASES, AS IT WAS POINTED OUT, WERE NOT NECESSARY.

THE COMMITTEE CONSIDERED THAT IN ALL MATTERS CONNECTED WITH INVESTMENT FROM OPEC COUNTRIES, EXCHANGES

OF INFORMATION WERE EXTREMELY USEFUL AND INSTRUCTED THE  
SECRETARIAT TO KEEP THIS ITEM REGULARLY ON THE AGENDAS  
OF ITS FUTURE MEETINGS.

END TEXT

TURNER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING AGENDA, DOCUMENTS, PETROLEUM, COMMITTEE MEETINGS, INVESTMENT PROGRAMS, EXPORTERS, PRICE INDEXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975OECDP26165  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750350-0111  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751070/aaaackkn.tel  
**Line Count:** 337  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 7  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 OECD PARIS 25688  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 MAY 2003 by CunninFX>; APPROVED <07 OCT 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REPORT ON MEETING OF FII, OCTOBER 2, 1975  
**TAGS:** EFIN, ENRG, EINV  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006